

STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

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DIRECTOR

Deputy Directors  
LYNN A.S. ARAKI-REGAN  
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ROSS M. HIGASHI  
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IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawai'i  
Honolulu, Hawai'i

ISSUANCE OF A DIRECT LEASE TO DEVELOP, CONSTRUCT, OPERATE,  
AND MAINTAIN AIRLINE OFFICES IN THE MAIN TERMINAL  
SOUTHWEST AIRLINES CO.  
HILO INTERNATIONAL AIRPORT  
TAX MAP KEY: (3) 2-1-012: PORTION OF 009

HAWAI'I

APPLICANT/LESSEE:

SOUTHWEST AIRLINES CO. (SW), whose mailing address is 2702 Love Field Drive,  
Dallas, Texas 75235-1611.

LEGAL REFERENCE:

Section 171-59 (b), Hawai'i Revised Statutes (HRS), as amended.

LOCATION AND TAX MAP KEY:

Portion of Hilo International Airport (ITO), Hilo, Island of Hawai'i, County of Hawai'i,  
identified by Tax Map Key: 3rd Division, 2-1-012: Portion of 009.

AREA:

Building/Room No. 307-115, containing an area of approximately 1,244 square feet and  
Building/Room No. 307-116, containing an area of approximately 1,132 square feet,  
as shown on the attached Exhibit "A".

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ZONING:

State Land Use District:  
County of Hawai'i:

Urban  
Industrial (ML-20)

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LAND TITLE STATUS:

Section 5(a) lands of the Hawai'i Admission Act: Ceded  
DHHL 30% entitlement lands pursuant to Hawai'i Admission Act YES \_\_\_ NO X

CURRENT USE STATUS:

Aeronautical, airport related purposes.

CHARACTER OF USE:

Develop, construct, operate, and maintain airline offices for SW's Signatory Airline  
Carrier Operations at ITO.

TERM OF LEASE:

Five (5) years.

COMMENCEMENT DATE:

Upon execution of the Lease.

ANNUAL LEASE RENTAL:

Annual Lease Rental for Fiscal Year 2019: Beginning upon the commencement date of the Lease, the annual rental shall be ninety-eight thousand four hundred sixty-one and 44/100 dollars (\$98,461.44), based upon the rental rate of \$41.44 for a Signatory Carrier, for fiscal year 2019, as published in the Airports Division Signatory Carriers Rates and Charges, Hawai'i Airports System.

Annual Rental for the Remaining Lease Term: For each fiscal year of the remaining Lease term, the annual rental shall be the product of the square footage of the Area, and the prevailing signatory airline terminal rate for ITO, as published in the Airports Division Signatory Carriers Rates and Charges, Hawai'i Airports System.

PERFORMANCE BOND:

An amount equal to the annual rent then in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

One million five hundred thousand and no/100 dollars (\$1,500,000.00).

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DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u>    </u>
Registered business name confirmed:	YES <u>X</u>	NO <u>    </u>
Good standing confirmed:	YES <u>X</u>	NO <u>    </u>

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawai‘i , this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawai‘i Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawai‘i, Department of Transportation, dated November 15, 2000, as approved by the Environmental Quality Council. Exemption Class #1 covers operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.

The DOTA consulted with the U.S. Federal Aviation Administration as to the appropriateness of the citation of the Environmental Exemption Class from the Comprehensive list for the Department of Transportation dated November 15, 2000. the FAA concurred on the appropriateness.

REMARKS:

In accordance with Section 171-59 (b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, Airports Division proposes to issue a direct lease to SW for the development, construction, operation and maintenance of airline offices at ITO. The proposed improvements will allow SW to establish facilities to begin and support its commercial airline operations at ITO.

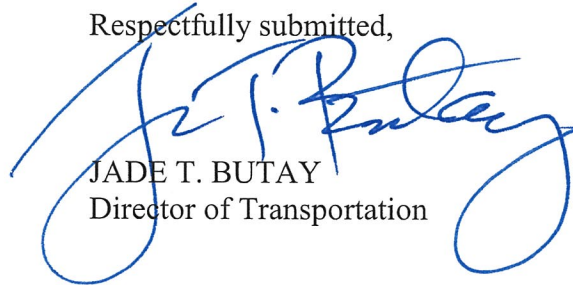
Airports Division recognizes SW’s investment, and commitment to the State of Hawai‘i, and believes that the issuance of a direct lease to SW is in the best interest of the State. Airports Division considers the proposed lease is in accordance with the underlying intent of Section 171-59(b), HRS, since this will allow SW to compete with other Signatory Airline Carriers at ITO.

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RECOMMENDATION:

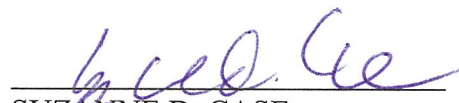
That the Board authorize the Department of Transportation to issue a direct lease to SW, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,

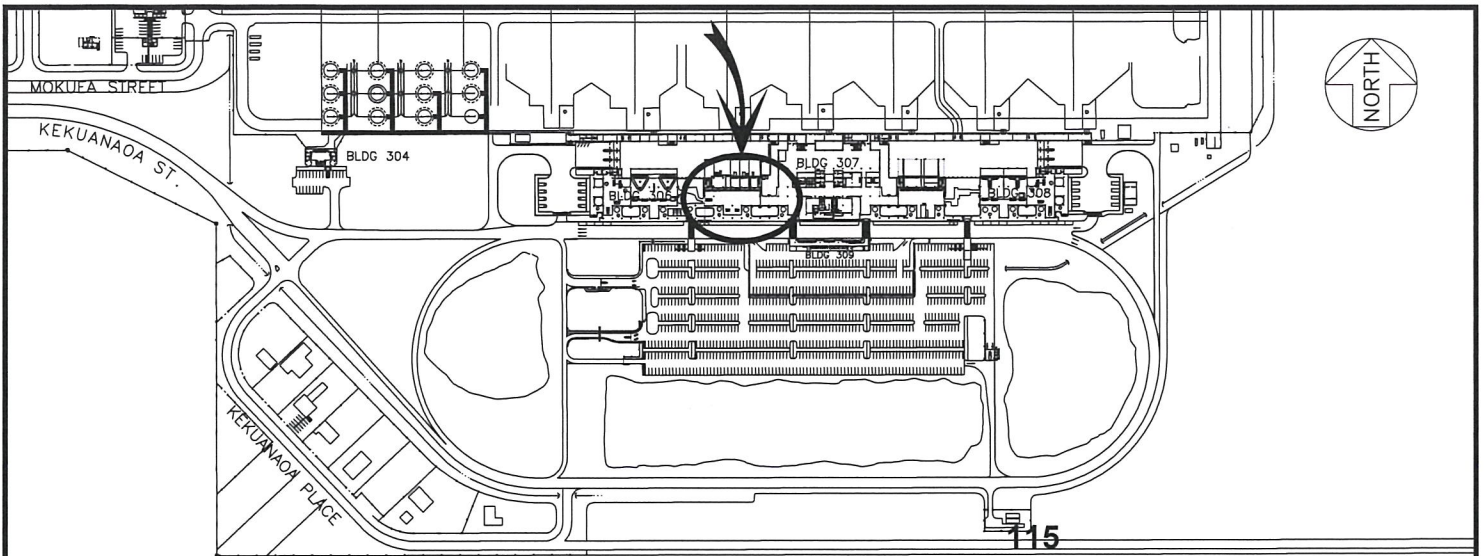


JADE T. BUTAY  
Director of Transportation

APPROVED FOR SUBMITTAL:

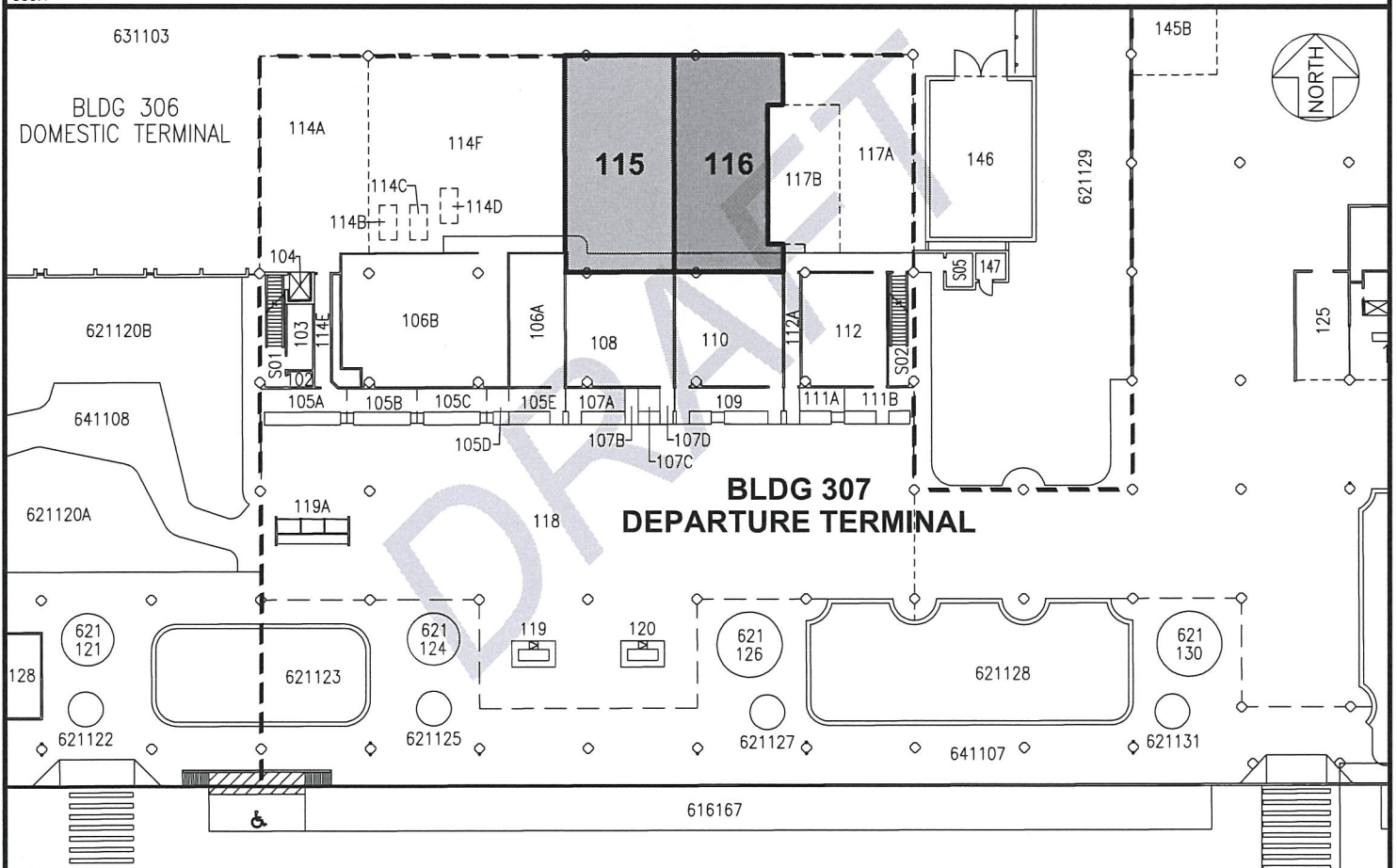
  
\_\_\_\_\_  
SUZANNE D. CASE  
Chairperson and Member





### LOCATION PLAN

500:1



### BLDG 307 DEPARTURE TERMINAL

KEKUANAOA STREET

SCALE: 1" = 40'

BLDG/ROOM	SQ. FT.
307 115	1,244
307 116	1,132

DRAFT

DATE : OCTOBER 2019

EXHIBIT: **A**



Airports Division

SOUTHWEST AIRLINES

BUILDING 307  
DEPARTURE TERMINAL  
GROUND LEVEL

307115  
307116

PLATS C1, 42

HILO INTERNATIONAL AIRPORT

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